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Washington

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FACTS

RELATING TO

NONBEVERAGE LIQUORS

Information Concerning Liquors for Lawful Uses and Government Methods of Control

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FACTS

RELATING TO

NONBEVERAGE LIQUORS

A Factual Outline

JUNE 30, 1932

UNITED STATES
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PREFACE

This publication is designed to supply, in concise form, information relating to nonbeverage liquors for lawful use and Government methods of control.

Information of this character is constantly sought by the public in inquiries received by the Bureau of Industrial Alcohol at Washington and offices of the Supervisors of Permits in the 12 regional permit districts.

The aim is to present facts briefly describing the uses of distilled spirits and wines for purposes which are lawful and also the procedure followed in restricting such liquors to lawful uses.

Many inquiries for information come from permittees. Many other requests for data come from those who seek to obtain permits to engage in lawful business undertakings.

This factual outline is typical of information desired by the public and is intended to promote better understanding, especially among those citizens whose business transactions may be subject to Government supervision.

NONBEVERAGE LIQUORS

Introduction

Legal use of liquors for nonbeverage purposes, within the purview of the national prohibition act, is under the administrative control of the Bureau of Industrial Alcohol in the Treasury Department.

Control of nonbeverage liquors is an important phase of the work of administering the permissive provisions of the act. The permissive phase, of course, extends into broader fields involving the use of alcohol in industry. Industrial alcohol is not discussed in this booklet, as this subject has been elaborated in a separate publication.

This publication therefore merely covers nonbeverage liquors which embrace distilled spirits and wine for medicinal, scientific, and commercial purposes.

As a means of facilitating better understanding of the subject, this presentation of facts is in the skeletonized form of questions and answers, summarizing information which is most frequently made the subject of inquiries by the public.

Proper control of distilled spirits and wines for purposes which have been declared lawful necessitates the maintenance of adequate machinery to safeguard such liquors against illegal uses and possible diversions.

By virtue of a system of permit control required by law, the Bureau of Industrial Alcohol exercises super-

vision over transactions of varied character under 185,863 permits in force June 30, 1932.

The Government collects more than $10,000,000 a year in internal revenue taxes imposed on nonbeverage liquors manufactured, sold, and used under permits issued by the Bureau of Industrial Alcohol.

The administrative machinery of the Bureau of Industrial Alcohol has a vital part in safeguarding the Federal revenues from this source, through the existing permit system and procedure for inspection and audit of permittee records.

No part of the text of this publication should be interpreted by the reader as having the force and effect of a regulation. Regulations are entirely different in legal content and application.

The aim is merely to give the reader, in condensed form, some of the more important facts relating to nonbeverage liquors and methods of Government control to restrict such liquors to uses which the law specifies are permissible.

Congress has recognized and made lawful the use of liquors for certain specific medicinal, scientific, and commercial uses.

The law has imposed upon administrative officials the duty to assure to lawful users an adequate supply of distilled spirits to meet legitimate demands.

In exercising administrative control over transactions authorized under permits issued to those whose operations involve nonbeverage liquors, the Government deals largely with a professional, commercial, and scientific class of citizens who are rendering public service.

Many of these permittees perform a service which affects the health and welfare of the community. They

are in a very real sense public servants. Among them are the retail druggists, wholesale druggists, physicians, hospitals, sanitariums, scientific laboratories, and public-health activities.

The policy of the Government in its administrative relationship with these groups is to facilitate their legitimate undertakings in every way that is consistent with the public interest.

The Government, however, seeks by preventive measures to restrict nonbeverage liquors to the legitimate channels specified in the laws and regulations.

FACTUAL ANSWERS TO TYPICAL QUESTIONS BY THE PUBLIC

BUREAU ORGANIZATION

How and when was the Bureau of Industrial Alcohol created?

The act of May 27, 1930, known as the prohibition reorganization act of 1930, established the Bureau of Industrial Alcohol in the Treasury Department and it was organized on July 1, 1930.

TRANSFER AUTHORIZED

When was the Bureau of Prohibition in the Treasury Department terminated?

On July 1, 1930, the Bureau of Prohibition was transferred from the Treasury Department to the Department of Justice, in accordance with the provisions of the prohibition reorganization act of 1930.

SEPARATE BUREAUS

What bureaus succeeded the Bureau of Prohibition in the Treasury Department?

The Bureau of Industrial Alcohol in the Treasury Department, the Bureau of Prohibition in the Department of Justice, and the Bureau of Narcotics in the Treasury Department.

FUNCTIONS TRANSFERRED

What functions of the Bureau of Prohibition in the Treasury Department were transferred to the Department of Justice?

All duties and functions incident to the enforcement of the *penal provisions* of the national prohibition act were transferred to the Department of Justice.

FUNCTIONS RETAINED

What functions relating to liquors remained with the Treasury Department?

The Treasury Department retained jurisdiction over the administration of the *permissive provisions* of the national prohibition act.

SCOPE OF CONTROL

What are the functions of the Bureau of Industrial Alcohol?

The Bureau of Industrial Alcohol exercises control over production, storage, transfer, withdrawal, importation, exportation, distribution, sale, and use of pure and denatured alcohol, and other distilled spirits, wine, and cereal beverages for lawful use.

DISTILLED SPIRITS

What are distilled spirits?

Whisky, rum, gin, brandy, and alcohol are embraced in the general term distilled spirits.

PRE-PROHIBITION FUNCTION

Prior to prohibition what was the Government's function relating to distilled spirits?

The Government, in the years preceding prohibition, was charged by law with the duty of seeing that all distilled spirits were manufactured, stored, distributed, and sold in strict accordance with the Federal revenue laws.

The Government's chief interest prior to prohibition was to compel full compliance with the law governing the payment of adequate Federal taxes.

PRESENT OBJECTIVE

Did prohibition enlarge the Government's function relating to distilled spirits?

The Government in administering the permissive provisions of the national prohibition act still retains duties involving the revenue phase over distilled spirits in all the processes of manufacture, storage, sale, distribution, and use.

Prohibition, however, enlarged the Government's duties of supervision and control, to assure lawful liquor requirements for expanded lawful uses, and also to safeguard permitted liquors against illegal uses.

PERMITS ISSUED

How is control of legal liquors exercised?

Legal liquors are controlled by the *issuance of permits* authorizing all business transactions or operations.

A *system of inspection* is maintained to safeguard lawful uses and protect the public interest.

BASIC PERMIT

What is a basic permit?

The basic permit authorizes transactions or operations of the nature described in the permit. Supplemental permits are issued to basic permit holders, such as permits to purchase.

For instance, a druggist holds a basic permit, but he must also obtain a permit to purchase nonbeverage liquors.

CONTROL OBJECTIVE

What is the objective of permit control?

The Government seeks to render every assistance to the honest permittee in the proper conduct of his business, and to prevent diversion of alcoholic liquors to illegal uses.

The public is vitally interested in protective measures as well as means to comply with all lawful requirements for business and professional use of authorized liquors.

CONTROL METHOD

What is the principal method of control over an active permit?

Active permits are controlled by direct supervision of major plant and business operations and by periodic inspection of varied commercial transactions to assure full compliance with the law.

Control is also exercised through a system of periodic reports, both daily and monthly, required to be submitted by permittees.

DIRECT SUPERVISION

Over what classes of permits is direct supervisory control exercised?

Direct control is exercised over permits for the production and storage of alcohol and distilled spirits. Government officers are permanently stationed at distilleries, alcohol plants, and bonded warehouses. They supervise all transactions.

General inspections of these plants are also made by specially trained and experienced inspectors, acting upon orders of the Commissioner of Industrial Alcohol and supervisors of permits in various districts.

PERMIT REVOCATION

If inspection of the business of a permittee discloses he is violating his permit, what procedure is followed?

Revocation proceedings are instituted. An order is issued citing the permittee to appear for a hearing at a specified time. The citation contains a statement of the unlawful acts committed and the grounds upon which a revocation of permit will be sought.

PERMITTEES' RIGHTS

Has the permittee a right of appeal?

Yes. He may appeal to the supervisor of permits or the Commissioner of Industrial Alcohol. The permittee has the further right to have the proceeding reviewed by a Federal court of equity.

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PRODUCTION ALLOTMENT

How is the quantity of distilled spirits production controlled?

The Commissioner of Industrial Alcohol first determines the quantity of distilled spirits required for legitimate needs. Each industrial, whisky, rum, or brandy distillery is allotted its proportionate share of the total quantity permitted to be manufactured within a specific period.

The system of limiting production was put into effect January 1, 1928, with respect to alcohol, and in 1930 with respect to whisky, rum, and brandy for medicinal use.

The policy of limiting production has prevented a large surplus of alcohol and distilled spirits and lessened the danger of diversion to illicit channels.

SAFEGUARDING LAWFUL USE

What phase of permit control is covered by inspection?

The inspection force of the Bureau of Industrial Alcohol in exercising supervision over individuals and firms having permits to use distilled spirits for lawful purposes seek to establish definitely these four major points:

(1) That all permit holders comply with the terms prescribed in their permits;

(2) That all liquors used are in accordance with permit conditions;

(3) That permit holders maintain accurate records, open at all times to inspection, and submit accurate reports required by the Government;

(4) That all liquors and alcoholic products moving from the producer or seller to the consumer are in strict accordance with the law and regulations.

PREVENTING COUNTERFEITS

What does the Government do to prevent counterfeiting of liquor prescription blanks?

Prescription books issued to doctors are specially designed by Government experts and the prescription blanks are printed from engraved plates at the Bureau of Engraving and Printing in Washington. The character of this blank renders it difficult to counterfeit.

Blanks for permits to purchase are also printed from engraved plates on specially sensitized paper which is also extremely difficult to counterfeit. Paper used for this purpose is unique in its water-mark characteristics.

CONTROL PROCEDURE

What are the major phases of control of transactions in distilled spirits under an active permit?

1. Supervision of the plant and operations by Government officers constantly stationed at the plant.

2. Periodic inspection of plant, premises, equipment, and operations, and audit of records.

3. General inspection by specially qualified inspectors operating under the direction of the Commissioner of Industrial Alcohol.

4. Examination and audit of returns in district supervisors' offices.

5. Accurate preparation of the various forms involved in the supervisor's accounts of spirits in bond.

6. Audit, analyses, and administrative examination at Washington by the bonded accounts section of the technical division, of all accounts and returns.

7. Administrative examination to determine whether all transactions are bona fide and in accordance with the laws and regulations.

PREVENTIVE MEASURES

Does the Government guard against diversion in the shipment of distilled spirits from seller to buyer?

The Government exercises many precautions. The seller may not ship or deliver liquor covered by a permit until the original permit and copies of it are received by him from the supervisor of permits and the buyer.

The carrier must have a permit to transport, must give bond, and keep a complete record of each shipment.

Delivery may be made only on receipt of the carrier's copy of permit to purchase.

The shipment can not be delivered to the consignee or his agent unless he is personally known to carrier or his agent.

Bureau regulations provide that no person may transport liquor, or receive liquor from any person transporting it, unless the package containing liquor bears a label showing the name, address, and permit number of consignor; name, address, and permit number of consignee; and the kind and quantity of liquor in the shipment.

REVENUE TAX

How are Federal revenue taxes paid on distilled spirits?

The Federal revenue tax on whisky and other distilled spirits is paid by affixing United States revenue stamps to packages or other containers as liquors are withdrawn from bonded warehouses.

The stamps are purchased from Federal collectors of internal revenue. The stamps are affixed in the presence of Government officers and are then canceled.

TAXES ON STILLS

When a still is sold by a manufacturer, what is the Government procedure?

The collector of internal revenue for the district in which the still was manufactured issues a permit for its removal from the place of manufacture.

Collectors of internal revenue also have jurisdiction over the collection of occupational taxes on manufacturers of stills. They also collect commodity taxes on stills, worms, and condensers. Each still set up for use must be registered with the Bureau of Industrial Alcohol.

WINE GALLON

What is a wine gallon?

A wine gallon is a measure of quantity (231 cubic inches) of any proof.

PROOF GALLON

What is a proof gallon?

A proof gallon is a liquid gallon containing 50 per cent of absolute alcohol.

TAXES GUARANTEED BY DISTILLERS

What guarantee does the Government have that Federal taxes on distilled spirits will be paid by the producer or owner?

Before the Bureau of Industrial Alcohol issues a permit for the operation of a distillery or other plant

for the manufacture of alcohol, and other distilled spirits, the applicant for the permit must furnish an adequate bond to cover Federal taxes. The spirits, plant, apparatus, and materials, are a lien for the payment of Federal taxes.

ASSESSMENT BASIS

On what basis are taxes assessed on distilled spirits?

The Federal internal revenue tax on alcohol is based on the number of gallons of 100 proof spirits produced.

Federal taxes on other distilled spirits are also based on the number of gallons of 100 proof spirits produced, unless the quantity is less than 80 per cent of the "true spirit-producing capacity" of the plant as determined by a technical survey.

In the latter case the distiller becomes liable for the difference between the quantity produced and 80 per cent of the "capacity" is also assessed for Federal tax.

PROFESSIONAL USES

How much alcohol is lawfully used by veterinarians, chiropodists, osteopaths, optometrists, and chiropractors?

Approximately 7,000 gallons of alcohol was used by them professionally during the fiscal year 1931.

Veterinarians used 2,465 gallons, chiropodists 2,490 gallons, optometrists 722 gallons, and chiropractors 141 gallons.

PENALTIES FOR ILLEGAL USE

When whisky is unlawfully manufactured or diverted what is the Federal tax penalty?

Under internal revenue law a tax of $6.40 a gallon is assessed on whisky diverted to illegal or beverage

uses. The law provides that the penalty must be paid by the person responsible for the diversion.

Section 35, Title II, of the national prohibition act. provides that when whisky is illegally manufactured or sold, a tax shall be assessed against, and collected from, the person responsible for such illegal manufacture or sale in *double the amount* provided by internal revenue law, with an additional penalty of $500 on retail dealers and $1,000 on manufacturers.

SCIENTIFIC AND MEDICINAL REQUIREMENTS

What are some of the scientific and medicinal uses of distilled spirits?

1. Compounding of medicines and pharmaceuticals;
2. Filling physicians' prescriptions;
3. Study of bacteria and developing methods of identifying them;
4. Laboratory and research work;
5. Hospital treatment of patients and sterilization uses; and
6. Professional use by physicians, dentists, and other groups.

EARLY EXCISE TAXES

When were distilled spirits first made in the United States?

Distilled spirits were manufactured during the period of the early American colonies.

In 1650, the Colony of Connecticut passed a law imposing a duty on imported liquors and an excise tax on liquors manufactured in the United States.

In 1638, the Dutch on Staten Island first distilled brandy. In 1735, rum was being manufactured in increasing quantities in Massachusetts.

GRAINS USED IN MANUFACTURE

What grains are used to manufacture whisky?

Corn, rye, barley, and wheat. Rye whisky is made from grains, of which more than 50 per cent is rye. Pure rye whisky must be made entirely from rye. Bourbon whisky is made from grain, of which more than 50 per cent is corn. Pure corn whisky is made entirely from corn. Pure malt whisky is made entirely of malted grains.

HIGHER ALCOHOLS

What is fusel oil?

Fusel oil is an acrid, oily liquid composed of a mixture of higher alcohols, such as propyl, butyl, and amyl alcohol.

Although fusel oil contains propyl and butyl alcohol, its main constituents are amyl alcohols.

STORAGE OF BONDED LIQUORS

What are liquor concentration warehouses and why are they maintained?

Concentration warehouses hold, under constant guard, most of the remaining stocks of whisky and other bonded distilled spirits in the United States.

Prior to 1922 bonded liquors were stored in nearly 300 warehouses.

Liquors are now stored in 26 warehouses. Twenty are designated as concentration warehouses.

The object of the concentration act of 1922 was the storage of all distilled spirits in a few centrally located warehouses for reasons of efficiency, safety, and minimum expense.

GOVERNMENT TAX LIEN

What is meant by tax as a first lien on distilled spirits?

Revised statutes of the United States provide that every proprietor or possessor of and every person in any manner interested in the use of any still, distillery, or distilling apparatus shall be jointly and severally liable for Federal taxes imposed by law on distilled spirits produced.

The law also provides that the tax shall be a first lien on the spirits distilled, the distillery, land, building, and equipment, until the tax is paid.

GOVERNMENT LIENS DISCHARGED

When are liens on distilleries discharged?

Government liens on distilleries, distillery warehouses, distillery apparatus and the land on which it is located, may be discharged under these three principal conditions:

1. When the land and building are no longer used for distilling purposes.
2. When there is no outstanding liability for Federal taxes or penalties.
3. When no litigation is pending involving Federal tax or penalty.

The law makes no provision for the discharge of liens on industrial alcohol plants.

DISTILLERS' BONDS

Is a distiller required by the Government to furnish bond?

The distiller must furnish both a *permit bond* and a *distiller's bond.*

The *permit bond* is furnished in accordance with the provisions of the national prohibition act to assure compliance with the terms of the permit issued to the distiller by the Bureau of Industrial Alcohol.

The *distiller's bond* is furnished in accordance with the Federal internal revenue law to assure compliance with laws relating to the duties and business of distillers and the payment of all Federal taxes and penalties.

BOND COMPUTATIONS

How are the amounts of distillers' bonds and permit bonds computed?

A *distiller's bond* is in the penal sum of not less than the amount of the tax at the nonbeverage rate on the spirits that can be distilled in the distillery during a period of 15 days. In no case does the penal sum of the bond exceed $100,000.

The amount of the penal sum of the *distiller's permit bond* is computed on the basis of $4.20 per proof gallon, or wine gallon when below proof, of distilled spirits, and 25 cents for each wine gallon of other liquor allowed under the permit to be possessed at any one time. The maximum penal sum is $100,000.

The *permit bond* may constitute the *security for* the *distiller's bond*, and such bond may be given without additional security as the distiller's own obligation secured by the permit bond. Reference must be made in distiller's bond to the permit bond as security.

STATES PROHIBITING LIQUORS

In which States are physicians prohibited from prescribing medicinal whisky?

On June 30, 1932, there were 21 States in which State laws specifically forbid doctors to prescribe whisky or other spirituous liquors to patients. These States are:

Alabama	Indiana	North Dakota
Arizona	Kansas	Oklahoma
Arkansas	Maine	Oregon
Delaware	Mississippi	South Carolina
Florida	Nebraska	Utah
Georgia	New Mexico	Washington
Idaho	North Carolina	West Virginia

LEGAL LIMITATIONS UPON DOCTORS

How does the law limit doctors in prescribing whisky to patients?

The national prohibition act, enacted by Congress to enforce the eighteenth amendment, imposed specific limitations upon physicians prescribing liquors or wines for patients.

The law states that a physician shall not prescribe at one time in excess of 1 pint of whisky or other spirituous liquor, or more than 1 quart of wine or other vinous liquor. The law states that the physician can not issue a prescription to a patient oftener than once every 10 days.

RETAIL LIQUOR SALES

How many retail druggists in the United States hold permits to sell medicinal liquor?

Forty thousand retail druggists hold Government permits authorized by the permissive provisions of the prohibition laws.

Twenty-two thousand of that number hold permits to dispense spirituous or vinous liquors, on prescriptions issued by physicians.

Eighteen thousand hold permits to use alcohol in compounding medicines and for other professional uses.

DRUGGISTS' LIQUOR SUPPLY

Where do druggists obtain the liquor sold on doctors' prescriptions?

Whisky and other liquors for medicinal use are purchased by druggists from bonded warehouses and wholesale liquor dealers after they have obtained purchase permits from the Bureau of Industrial Alcohol.

PHYSICIANS PRESCRIBING

How many physicians in the United States use prescription books?

During the last fiscal year 72,160 physicians used prescription books. This is 61 per cent of the physicians registered in the directory of the American Medical Association, as practitioners in the 27 States in which the prescribing of whisky to patients is not prohibited.

PRESCRIPTION BOOKS ISSUED

Do physicians having permits seek to obtain the maximum number of prescription blanks allowed by the Government?

No. There were issued to 72,160 doctors holding permits to prescribe liquors, 101,047 prescription books of 100 blanks each during the last fiscal year.

This was an average of 140 liquor prescriptions a year for each physician. The number allowed upon application is 400 blanks a year. The blanks are in book form. Each book contains 100 blanks. A physician is allowed to have one book every three months, unless necessity for a larger number is made clear to the supervisor of permits.

PRESCRIPTION BLANKS RETURNED

Do physicians return to the Government liquor prescription blanks not used?

Out of a total 10,104,700 prescription blanks issued to permittee doctors during the last fiscal year, 9,575,744 were filled by druggists. Doctors, therefore, had left on hand 528,956 blanks which were not used.

The unused blanks were returned and canceled by supervisor of permits and proper credit given to the permittees.

PURCHASE PERMITS

What are the points considered when passing upon an application of a retail druggist for a permit to purchase liquor?

1. A druggist holding a permit to dispense whisky on physicians' prescriptions is entitled under the law and orderly administration to obtain sufficient whisky to fill all bona fide prescriptions.

2. The prescription originates with the physician and not with the druggist. Congress has intrusted to the physician the right to prescribe intoxicating liquors and authorized druggists to fill them when legally issued and presented.

3. No rule can be laid down as to the quantity of whisky that should be dispensed by a retail druggist on the basis of the size of the city, location of the store, ratio of whisky prescriptions to ordinary medical prescriptions, or the concurrent issuance of whisky and medical prescriptions to the same person at the same time.

INVESTIGATING COLLUSION

Does the Government allow officers to visit and question a physician's patients when irregularity is suspected?

In cases of suspected collusion between druggists and physicians, Government officers have been specifically instructed not to visit or question a physician's patients, except in rare instances. Even in exceptional cases, an officer must have the permission of the supervisor of permits before making such visitations.

Visitation of a physician's patients is held to provoke irritations that are entirely unnecessary. Evidence can be gathered without resorting to this practice.

SHIP LIQUOR STORES

Can passenger vessels flying the United States flag possess or sell liquor?

United States merchant and passenger vessels are not permitted to possess or sell liquor for beverage purposes. United States merchant and passenger vessels *may carry liquor for medicinal purposes* pursuant to an approved application, with a duly-executed certificate of medicinal need issued by a medical officer of the United States Public Health Service.

MEDICINAL REQUIREMENTS

Who manufactures medicinal whisky?

Whisky is manufactured by distillers authorized by the Government to manufacture for medicinal purposes.

Most of the whisky manufactured before prohibition and now in bonded warehouses will have been exhausted by 1936.

Since whisky must be aged 4 years to be suitable for medicinal uses lawful manufacture was resumed in 1930. A 1-year's supply will be manufactured each succeeding year.

NEW WHISKY OUTPUT

How much medicinal whisky is now manufactured?

Medicinal whisky withdrawn now approximates 1,500,000 gallons a year.

Allowing for loss through leakage and evaporation over a 4-year period, it is estimated that approximately 2,000,000 gallons must be manufactured each year to take care of the medicinal needs of the country.

In the fiscal year 1930, new whisky manufactured totalled 1,998,947 proof gallons. A total of 2,435,631 gallons was manufactured in the fiscal year 1931.

AGED WHISKY

Why is whisky aged?

Whisky is aged to eliminate the raw and undesirable odor and taste and to produce a matured whisky having a color, odor, and taste characteristic of whisky, suitable for medicinal needs.

The law requires that no spirits shall be bottled in bond until they shall have been stored in bonded warehouses for not less than four years.

WHISKY PRODUCTION PEAK

When did whisky production reach its peak in the 20 years prior to prohibition?

The peak of production was 1914 when 278,108,056 proof, or tax gallons were stored in bonded warehouses.

Four years later, as prohibition approached, the quantity of whisky in bond dropped to 140,721,821 proof, or tax gallons.

On June 30, 1919, six months before national prohibition, whisky in bond had decreased to 63,942,931 proof, or tax gallons.

In the 10 years following prohibition whisky in bond had decreased to 14,786,971 proof gallons in 1930.

WHISKY STORAGE DISTRIBUTED

How much bonded whisky is now stored in warehouses in various States?

Whisky in bond totalled 15,179,328 proof gallons on June 30, 1931, according to original gauge. This supply is distributed in warehouses located in eight States, as follows:

	Proof gallons
California	69,137
Illinois	139,734
Kentucky	9,866,888
Maryland	1,352,465
Massachusetts	15,296
Missouri	324,463
New York	382,805
Pennsylvania	3,028,535

It should be noted that the figures are "original gauge." Actually, the quantity available is much less due to losses while in storage principally because of leakage and evaporation.

It is estimated that leakage and evaporation have reduced the quantity on hand January 1, 1932, to approximately 10,774,900 proof gallons stored in bonded warehouses, including both old and new whisky production.

WHISKY DISTILLERIES

How many distilleries hold permits to manufacture medicinal whisky?

The Commissioner of Industrial Alcohol allotted the quantity of medicinal whisky to be manufactured among 14 concentration warehousemen. They are distillers or successors to distillers. Seven distilleries are operated for this purpose.

WHISKY OWNERS

Who owns the medicinal whisky in bond and how is it sold?

The whisky now in the bonded warehouses is privately owned. The Federal tax imposed is paid when the whisky is withdrawn from the warehouse.

Owners of the whisky find their own buyers. Buyers must have permits to purchase. Drug stores, hospitals, physicians, and dentists are among those who may buy medicinal whisky upon permits to purchase issued by the Bureau of Industrial Alcohol.

DISTILLED SPIRITS STORES

In which years were whisky and other spirits now in bond manufactured?

Distilled spirits in bond comprise whisky, rum, gin, brandy, high wines, and Cologne spirits.

The following figures show the total distilled spirits manufactured in the years since 1911 remaining in warehouses at the end of the fiscal year 1931.

Whisky constitutes 88 per cent of all distilled spirits now in bonded warehouses. Rum accounts for 1 per cent, gin 4.8 per cent, and brandy 5 per cent.

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Year manufactured	Proof gallons	Age
		Years
1911	6, 752. 6	21
1912	42, 513. 0	20
1913	180, 357. 1	19
1914	275, 931. 1	18
1915	331, 791. 4	17
1916	2, 897, 755. 5	16
1917	7, 116, 286. 8	15
1919	1, 603. 7	13
1920	139, 955. 7	12
1921	1, 042, 164. 4	11
1922	313, 854. 6	10
1923	179, 554. 0	9
1927	7, 022. 3	5
1928	5, 302. 6	4
1929	352, 694. 2	3
1930	2, 148, 668. 1	2
1931	2, 254, 228. 0	1

It should be noted that these figures showing proof gallons in storage represent "original gauge" at the time it was placed in Government bonded warehouses.

Through each successive year there has been a gradual shrinkage of the supply of old liquors, because of leakage and evaporation in storage.

WAREHOUSES GUARDED

How does the Government protect bonded liquors?

Bonded liquors are now concentrated in a relatively small number of warehouses.

These warehouses are guarded constantly by Government officers.

MANUFACTURE AUTHORIZED

By what authority does the Government authorize the manufacture of new whisky for medicinal purposes?

The provisions of the national prohibition act as amended authorized the Commissioner of Industrial Alcohol to issue permits for the manufacture of whisky and other distilled spirits required for medicinal purposes to replenish stocks of whisky and other bonded spirits to meet lawful requirements in future years.

PRESCRIPTION REQUIREMENTS

How much whisky and other spirits are sold on physicians' prescriptions?

A total of 1,158,618 wine gallons of whisky and other distilled spirits was sold upon physicians' prescriptions during the fiscal year 1931.

Quantities of different kinds of distilled spirits sold for medicinal purposes during the fiscal year 1931, were: Whisky, 1,121,115 wine gallons; brandy, 8,238 wine gallons; gin, 2,029 wine gallons; rum, 2,001 wine gallons; wine, 24,141 wine gallons; and alcohol, 1,094 wine gallons.

PROFESSIONAL DEMANDS

How much distilled spirits are used by doctors in office practice?

Physicians required 286,854 wine gallons of distilled spirits of all kinds for professional use in the fiscal year 1931.

The withdrawals, in different quantities, were: Alcohol, 212,857 wine gallons; whisky, 71,932 wine gallons;

brandy, 1,075 wine gallons; gin, 103 wine gallons; rum, 519 wine gallons; and wine, 368 wine gallons.

HOSPITAL NECESSITIES

How much distilled spirits are used by hospitals?

Whisky and other spirits totaling 35,213 wine gallons were withdrawn by hospitals in the fiscal year 1931 for use in the course of treatment of various diseases.

The quantities used were: Whisky, 17,271 wine gallons; alcohol, 14,525 gallons; brandy, 655 gallons; and wine, 2,762 gallons.

DENTISTS' NEEDS

How much alcohol and other spirits are used by dentists?

Dentists, during the fiscal year 1931, used 64,504 wine gallons of alcohol and 21,286 wine gallons of whisky.

"T" PERMITS

How many permits for the use of alcohol have been issued to dentists, veterinarians, and others in the official "T" permit classification?

There were 33,472 "T" permits in force in the fiscal year 1931 for the use of alcohol professionally by dentists, veterinarians, chiropodists, osteopaths, optometrists, and chiropractors.

LIQUOR LOSSES

How much bonded liquor is lost annually through leakage and evaporation?

There was a loss of about 1,000,000 proof gallons of distilled spirits of all kinds last year due to evaporation and leakage, from packages withdrawn from

bonded warehouses, as shown by report of Government storekeeper-gaugers last year.

RUM LAWFULLY USED

What are the legal uses of rum?

Rum stored in bonded warehouses is withdrawn under Government permit for use in its pure state in flavoring food products and for certain medicinal purposes.

At the present rate of withdrawals the supply on hand would be exhausted within five years.

To augment the supply, the manufacture of an additional quantity of rum for medicinal and general nonbeverage use was authorized by the Commissioner of Industrial Alcohol last year.

BRANDY REQUIREMENTS

What is the status of medicinal brandy in bond?

The stock of medicinal brandy deposited in bonded warehouses prior to prohibition would be depleted in a few years at the rate of present withdrawals.

To replenish the supply for future legal use the manufacture of an additional quantity of brandy has been authorized by the Commissioner of Industrial Alcohol for food, medicinal, and general nonbeverage purposes. The new brandy supply must be aged four years before it can be used medicinally.

SPIRITS COMMERCIALLY UTILIZED

In what preparations are alcohol, distilled spirits, and wines used?

1. Alcohol is used in medicinal preparations.
2. Alcohol, brandy, rum, and wines are used in food products.

3. Alcohol is used for laboratory, manufacturing, and technical use.

4. Alcohol is used in toilet and antiseptic preparations and solutions.

5. Alcohol, brandy, rum, and wines are used in flavoring extracts and sirups.

6. Alcohol and wines are used in patent and proprietary medicines. Whisky, brandy, or rum is also used when such spirits are more suitable in making the finished product.

POSSESSION OF BEVERAGE LIQUORS

When may beverage liquors be lawfully possessed?

Liquors lawfully acquired by the owner prior to January 16, 1920, and in his possession in his private dwelling or other place of residence while it is occupied and used by him as his dwelling only, may lawfully be possessed by him, without a permit.

The law provides, however, that such liquors are only for use of the owner and his family residing in such dwelling, and of his bona fide guests.

SELLING MEDICINAL PRODUCTS

Is the seller of medicinal or other preparations in which intoxicating liquors are used required to have a permit?

When the alcoholic preparations are manufactured in accordance with Government regulations and are unfit for use for beverage purposes, no Government permit is required to sell.

Before the Commissioner of Industrial Alcohol approves a formula for a medicinal or other preparation, it is subjected to Government laboratory tests to determine whether it could be converted to beverage use.

FORMULAS FOR MEDICINAL PRODUCTS

Does the Government limit the quantity of distilled spirits or wine used in manufacturing a medicinal product?

Yes. Such preparations must contain no more alcohol than is necessary for the purpose of extraction, solution, or preservation.

In the case of medicinal preparations, the product must contain in each fluid ounce two or more agents in compatible combination.

The products must not contain any agents either chemically or physiologically incompatible with the active medicinal agents upon which the medicinal claims are based. The preparations must be made unfit for use as a beverage.

ADMINISTERING MEDICINAL LIQUORS

What professional groups are permitted by law to obtain and administer whisky to patients?

Physicians, dentists, hospitals, and sanitariums are permitted to purchase and administer spirituous or vinous liquors.

Physicians and dentists, however, are definitely limited in the quantity they can administer in office practice. When they obtain a permit to purchase and use whisky or other liquors in practice, they may obtain not more than 6 quarts during a calendar year.

Hospitals and sanitariums are not restricted as to the quantity of whisky or other liquors they may obtain and use. These institutions are able to procure such quantities as may be necessary after their applications to supervisors of permits have been approved.

PROFESSIONAL PERMITS INCREASE

Why are permits to physicians and dentists increasing in number?

The number of physicians authorized to prescribe whisky or to use it in their professional practice has increased from 70,339 in 1929 to 72,160 in 1931.

A larger number of dentists hold permits this year than in any preceding year. This is due to the fact that new regulations authorize dentists not only to use alcohol professionally, but to obtain a maximum of 6 quarts of whisky a year to administer to patients.

A larger number have sought the medicinal liquor privilege, but relatively few have availed themselves of the maximum medicinal liquor quantities authorized.

DIPLOMATIC LIQUORS

How do foreign diplomats in the embassies and legations at Washington obtain beverage liquors?

Foreign envoys under international law have extraterritorial rights and privileges.

The accredited members of the diplomatic corps are the personal representatives of the ruler or Government whom they represent.

The diplomats are permitted, under the law, to import such liquors as they may require for their own use. They file a formal request covering the proposed importation with the Secretary of State. This application then is referred to the Secretary of the Treasury who authorizes the importation.

When the shipment reaches an American seaport the diplomat must personally arrange for its transportation to Washington. Usually such imported liquors for the diplomatic corps reach Baltimore and are conveyed in guarded automotive vehicles in the personal custody of some officer on the staff of the foreign envoy.

MODIFICATION OF FORMULAS

What does the Government do to prevent beverage use of alcoholic preparations manufactured under permits?

When the Government discovers that alcoholic preparations, such as flavoring extracts and patent medicines, made from distilled spirits, are being diverted to beverage channels, the Commissioner of Industrial Alcohol orders an immediate investigation.

One of the most effective means used by the Government to stop this kind of diversion is the requirement that the manufacturer change his formula for the alcoholic product suspected.

The Commissioner of Industrial Alcohol may, however, revoke the permit of the manufacturer if investigation discloses that the diversion occurs with the knowledge of the manufacturer or possibly through his connivance.

PHYSICIANS REGISTERED

What is the total registration of practicing physicians in the States where whisky may be prescribed?

There are 124,051 physicians registered by the State medical boards in the 27 States in which whisky or other liquors may be prescribed to patients. Of that number, 72,160 hold Government permits to prescribe liquors.

Permits to prescribe whisky or other spirits are not issued to physicians residing in any State which prohibits liquors for medicinal use.

PROFESSIONS LAW-ABIDING

Does the Government observe many violations among doctors and druggists?

The percentage of violations among druggists and physicians is very small.

A total of 40,000 druggists hold Government permits either to sell prescription whisky or to use alcohol in compounding medicines.

An annual average of only 1 per cent have been involved in questionable practices. The number of physicians who violate the law also is in relatively very small percentage.

LIQUOR-TAX REVENUE

How much revenue has the Government received from the Federal tax on liquors?

Federal internal revenue collected on distilled spirits for 11 years prior to the effective date of the eighteenth amendment (January 16, 1920) and the 12 years since that date is shown by the following table:

Tax collected on distilled spirits for fiscal years ended June 30, 1909, to 1931, inclusive

Year	Distilled spirits, including wines, cordials, etc.	Year	Distilled spirits, including wines, cordials, etc.
1909	$128, 315, 181. 45	1921	$82, 598, 065. 01
1910	141, 523, 554. 06	1922	45, 563, 350. 47
1911	148, 587, 728. 31	1923	30, 354, 006. 88
1912	149, 933, 706. 53	1924	27, 580, 380. 64
1913	158, 068, 907. 81	1925	25, 902, 820. 28
1914	159, 098, 177. 31	1926	26, 436, 334. 44
1915	144, 619, 699. 37	1927	21, 194, 668. 71
1916	158, 682, 439. 53	1928	15, 307, 496. 45
1917	192, 111, 318. 81	1929	12, 776, 728. 46
1918	317, 553, 687. 33	1930	11, 695, 267. 67
1919	365, 211, 252. 26	1931	10, 432, 064. 00
1920	97, 905, 275. 71		

WHISKY PRODUCTION

How much whisky was produced prior to prohibition, and how much is now produced for medicinal purposes?

This table shows the quantity of whisky produced for the 11 years prior to prohibition and the years since prohibition:

Year	Proof gallons	Year	Proof gallons
1909	70, 152, 174	1921	753, 374
1910	82, 463, 894	1922	315, 799
1911	100, 647, 155	1923	----------
1912	98, 209, 574	1924	----------
1913	99, 615, 828	1925	----------
1914	88, 698, 797	1926	----------
1915	44, 552, 489	1927	----------
1916	59, 240, 671	1928	----------
1917	57, 651, 834	1929	----------
1918	17, 383, 511	1930	1, 998, 947
1919	----------	1931	2, 435, 631
1920	234, 705		

WINES FOR LAWFUL USES

WINE

What is wine?

Natural wine is the product made from the normal fermentation of the juice of sound, ripe grapes.

ALCOHOLIC CONTENT

What is the alcoholic content of wine?

The alcoholic content of natural wine is from 10 to 14 per cent.

SPARKLING WINE

What is sparkling wine?

Sparkling wine is an effervescent wine carbonated or charged with carbon dioxide.

FORTIFIED WINE

What is fortified wine?

Fortified wine is wine with brandy or ethyl alcohol added.

WINE PRESERVATION

Why is wine fortified?

Wine is fortified to preserve it. Wine will not turn to acetic acid if it has 20 per cent of alcohol.

TAXES ON WINE

What are the Federal tax rates on wine?

Wine is taxed according to its alcoholic content, except when it is used for purposes that are tax-free under the law. The various tax rates that apply on wine are:

Four cents a wine gallon when it contains not more than 14 per cent alcohol; 10 cents a gallon when it contains more than 14 per cent and does not exceed 21 per cent alcohol; 25 cents a gallon when it contains more than 21 per cent and does not exceed 24 per cent alcohol; $1.10 a gallon when it contains more than 24 per cent alcohol.

TAX-FREE WINES

When are wines tax-free?

The law provides that still wines may be withdrawn free of Federal tax for the following purposes:

Shipment in bond to other wineries or bonded storerooms; shipment in bond to a fruit distillery or industrial alcohol plant for use as distilling material in the manufacture of brandy and alcohol; export for nonbeverage purposes; use of the United States Government; shipment in bond to a dealcoholizing plant for manufacture of dealcoholized wines or nonintoxicating beverages; shipment to a vinegar plant for the manufacture of vinegar; and spoiled wine after unavoidable spoilage.

Champagne, sparkling wine and artificially carbonated wine are also tax-free when exported for nonbeverage purposes, or withdrawn for the use of the United States Government.

IMPORTED WINE TAX

How is the Government tax paid on imported wine?

The Government tax on imported wine withdrawn from United States customs bonded warehouse is paid in cash to the United States collector of internal revenue of the district where the wine is received in customs bond.

The collector of customs at the port of entry determines the quantity in gallons and the taxable grade of imported wine by gauge and customary inspection.

WINERY STOREROOMS

Who may establish bonded storerooms for wines?

No permit is issued for the establishment of a bonded storeroom for wines unless the proprietor is also duly qualified as the proprietor of a bonded winery.

TAX-FREE SPIRITS

Can high-proof spirits made at fruit distilleries for the fortification of wines be withdrawn for any other purpose?

Yes. High-proof fruit spirits of 160° proof or more may be withdrawn from the warehouse, upon proper permit, for any lawful purpose for which medicinal spirits or alcohol may be used, including denaturation and certain tax-free purposes for delivery to permittees whose basic permits authorize the procurement of such spirits.

SACRAMENTAL WINE USED

How much wine is used each year for nonbeverage and sacramental purposes?

A total of 2,186,306 gallons of wine were used for sacramental and nonbeverage purposes in the fiscal year 1931, and the Federal wine tax was paid on that quantity. The quantity used for these purposes last year was 326,000 gallons less than the preceding year.

WITHDRAWN TAX-FREE

How much tax-free wine was withdrawn last year?

A total of 4,840,541 gallons of wine were withdrawn, free of Federal tax, during the fiscal year 1931. This included removals of wine for distilling material, for

export, for manufacturing dealcoholized wine, for the use of the United States Government and for use as vinegar stock.

WINE REVENUE

How much revenue does the Government receive from wine taxes?

There was paid into the United States Treasury a total of $228,495 during the fiscal year 1931 from Federal internal revenue taxes on domestic and imported wine.

WINERIES OPERATING

How many wineries operate under permit and what is their total production?

A total of 397 wineries and storerooms were operated during the fiscal year 1931 and 6,658,854 gallons of wine were produced. This was an increase of 3,503,987 gallons, compared with the quantity produced the preceding year.

The year 1930 was a year of relatively low production. Last year more wine was used for distilling material in the manufacture of medicinal brandy and fruit spirits for general nonbeverage purposes under the tariff act of 1930.

LAWFUL PRODUCTION

How is wine lawfully produced?

Wine may be produced or received for permitted uses only after a Government permit is obtained. An adequate bond must be filed and the plant premises must be approved by the supervisor of permits of the district where the plant is located.

PERMIT LIMITATION

Does the permit and bond limit the quantity of wine that may be manufactured?

Yes. Wine may not be produced, received, or possessed in a larger quantity than is covered by the bond and specified in the permit.

BOND REQUIREMENTS

How is the amount of a bond determined?

Bonds filed for bonded wineries or bonded storerooms are computed on a basis of 10 cents for each gallon of wine and $4.20 for each proof gallon of brandy allowed under the permit to be possessed at any one time.

The penal sum of the bond may not be less than $500 nor more than $50,000 for a single winery or storeroom, or $100,000 for two or more wineries or storerooms, or both.

BOND RELEASE

When may bonds be released?

Bonds covering bonded winery or bonded storeroom premises may not be released as to future liability until all wines in the winery or storeroom have been disposed of and all Federal taxes due have been paid.

BONDED WINERIES

What is meant by bonded wineries?

Bonded premises where wines are produced are designated as bonded wineries. Bonded storerooms are premises where wines are stored in bond.

QUANTITY PRODUCTION

Is the total production of wine limited, as is the case with distilled spirits?

No limit is set on total wine production. The Bureau of Industrial Alcohol, however, endeavors to control quantity production of wine by limiting the quantities authorized by permits to the legitimate lawful needs of permittees.

For instance, if a permittee applies for a permit to manufacture a quantity of wine far in excess of the quantity applied for in previous years, a permit would not be issued unless the applicant could show to the satisfaction of the Bureau of Industrial Alcohol that there would be a legitimate need for the increased quantity.

IMPORTATION AND EXPORTATION

Why is it permissible for liquors and wines to be exported and imported?

The national prohibition act permits the exportation and importation of liquors for nonbeverage purposes and wines for sacramental purposes.

TECHNICAL TESTS

Why do Government officers determine the alcoholic content of wines used in the production of brandy?

The Government must determine whether the quantity of brandy reported as produced corresponds to the quantity that should be produced from the materials reported as used by the plant.

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TAXES ASSESSED

Why is it necessary for the Government to know that the quantity of brandy reported should correspond to the quantity of materials used?

Accurate determination is necessary in order that Federal taxes may be assessed on the proper quantity of brandy. Assessments are based on the quantity of spirits that should have been produced with the materials used.

TAX DISCREPANCY

If a distiller fails to report all of the brandy produced, what steps are taken by the Government?

The Commissioner of Industrial Alcohol, after ascertaining the quantity of brandy actually produced, will assess the distiller additional tax covering the difference between the quantity he reported and the quantity actually produced.

TESTING INSTRUMENTS

What instruments and measures are used in testing and measuring wine?

An accurate measuring rod or steel tape for ascertaining the contents of tanks and other storage containers.

Measures for determining the contents of wine removed for shipment.

Scales and measures for weighing and measuring the materials used in the manufacture of wine.

Instruments for determining the sugar and acid content of wines which are to be ameliorated or fortified.

Measuring tank for measuring the quantity of sugar solution and quantity of wine, both before and after amelioration.

Weighing tank for weighing quantities of sugar and water used and quantity of wine before amelioration.

Ebullioscope, wine set, or ebulliometer, for determining the alcoholic content.

Saccharometers for determining the saccharine content.

Instruments for determining the acidity.

WINE LOSSES

Does the proprietor of a bonded winery or bonded storeroom pay the Government tax on wine that is unavoidably lost?

No. The Commissioner of Industrial Alcohol makes such allowance for unavoidable losses of wines in storage or in transit as in his judgment may be deemed just and proper.

WINERY RECORDS

What records are kept by the proprietor of a bonded winery or bonded storeroom?

A monthly record, in triplicate, showing wine production, receipts, and disposition. A separate monthly record is kept of champagne, sparkling wine, or artificially carbonated wine.

Monthly records, in triplicate, are kept showing all materials received and used in the manufacture of wine, except when there are no materials on hand or wine in the process of manufacture.

One copy is retained at the winery or storeroom. Two copies are forwarded to the supervisor of permits. The supervisor of permits forwards one copy of each form to the Commissioner of Industrial Alcohol.

SPOILED WINE

What disposition is made of spoiled wine?

Spoiled wine may be destroyed, without the payment of tax, in the presence of a Government officer detailed to such duty by the Commissioner of Industrial Alcohol.

ANNUAL WINE PRODUCTION

How much wine is produced under Government permit each year in the United States?

This table shows the production of wine during the fiscal years 1918 to 1930, inclusive:

Year	Wine gallons	Year	Wine gallons
1918	51, 029, 821	1925	3, 638, 446
1919	55, 756, 171	1926	5, 841, 095
1920	20, 082, 458	1927	4, 406, 564
1921	20, 532, 343	1928	4, 922, 617
1922	6, 357, 456	1929	11, 381, 990
1923	14, 706, 495	1930	3, 154, 866
1924	9, 056, 170	1931	6, 658, 854

TAX ON WINES

When is the tax paid on wine?

Taxes on wines are paid upon removal from bonded storerooms. Wines are removed only upon receipt of a permit to purchase or a duly authenticated application approved by the Bureau of Industrial Alcohol.

WINE IMPORTATION

Is wine imported at the present time?

Yes. Small quantities of wine are imported for certain limited manufacturing needs and for sacramental purposes.

WINE OUTPUT

What was the production of wine before prohibition?

The production of wine in the fiscal year 1919, the year before the effective date of the eighteenth amendment, was 55,756,171 wine gallons.

LEGAL USES

What are the legal uses of wine?

The legal uses of wine include wine for sacramental purposes, medicinal purposes, wine tonics, distilling material in the manufacture of brandy and alcohol, manufacture of vinegar, wine sauces, preserved fruits, and dealcoholized wine.

PERMITS AUTRORIZING PURCHASE

Who obtains the permit for the purchase of sacramental wine?

Priests, ministers, rabbis, and other duly authorized officers or church officials procure the permits and are held responsible for the legality of its use.

DEALCOHOLIZED WINE

What is meant by dealcoholized wine?

Dealcoholized wine is wine with the alcohol removed to less than one-half of 1 per cent by volume.

WINE RECORDS

What record is made when wine is removed from a winery or bonded storeroom?

The Government's record for each shipment shows the date of shipment, quantity, alcoholic content, serial numbers of packages or cases, name and address of consignee, and permit number of the consignee.

PERMIT TO PURCHASE

When can wine be removed from a bonded winery or bonded storeroom?

Only upon receipt of a permit to purchase, properly issued by the Bureau of Industrial Alcohol.

When the wine is for the use of a department or agency of the United States, or a State government, or when in quantities of less than 5 gallons for medicinal use on a vessel, a permit to purchase is not required.

REMOVAL PROCEDURE

How can champagne, sparkling wine, or artificially carbonated wine be sold or removed from bonded wineries or bonded storerooms?

Such liquors can be sold or removed only when specified in a permit to purchase.

These liquors can not be sold or removed for sacramental purposes unless manufactured prior to January 17, 1920. Then the liquors must be specified in the authenticated application.

TESTING WINE

What determinations are made before removal of wine from bonded wineries or bonded storerooms?

The contents of each package removed are required to be ascertained by measure or weight. The alcoholic strength of the wine is determined by tests.

Winemakers are held strictly responsible for correct determinations in measuring and testing the wine

LAWFUL USES OF WINE

What are the lawful uses of wine?

1. Medicinal use or manufacture of medicinal preparations.
2. Sacramental use.
3. Distilling material in the manufacture of brandy and alcohol.
4. Export for nonbeverage purposes.
5. Manufacture of dealcoholized wines or nonintoxicating beverages.
6. Manufacture of vinegar.
7. Use of the United States Government or of a State Government.
8. Food and other culinary purposes.
9. For other general nonbeverage uses.

PRODUCTION RETURNS

When brandy is distilled from wine what supervisory steps are taken by Government officers?

The distiller is held responsible for producing a quantity of brandy approximately equal to that contained in the wine distilled, as shown by the alcoholic content of such wine.

Storekeeper-gaugers test the wine before distillation and check the corresponding production of brandy.

Supervisors of permits also check the production returns of distillers and Government officers assigned to fruit distilleries. Supervisors immediately investigate any deficiency in production.

WINERIES DECREASE

Has the number of wineries and storerooms decreased from year to year?

Yes. From 1922 to 1930 the number of bonded wineries decreased from 917 to 356, and the number of bonded storerooms from 55 to 41.

WINERY LOCATIONS

In what States are bonded wineries located and what is the number in each State?

California has 273, New York 75, New Jersey 14, Ohio 12, Kentucky 4, Missouri 4, Pennsylvania 2, Wisconsin 2, Hawaii 1, Illinois 1, Louisiana 1, Michigan 1, North Carolina 1, and Rhode Island 1.

IMPORTATION DECREASE

Was the quantity of imported wine decreasing before prohibition?

Yes. Importations decreased from 7,616,310 gallons in 1914 to 1,240,558 gallons in 1919.

Twenty-seven thousand six hundred and forty-nine gallons were imported in the fiscal year 1931.

REVENUE STAMP TAXES

How is the Government revenue tax payment made on wines produced?

The United States revenue tax is paid by the manufacturer by affixing internal revenue stamps to bottles, packages or cases of wine, and cancelling them.

Internal revenue stamps are purchased from the collector of internal revenue of the district in which the winery or storeroom is located.

When the package is emptied the revenue stamps must be effaced and obliterated. Severe penalties are provided for failure to do so.

REVENUE STAMP SALES

Has the Commissioner of Industrial Alcohol a check on the wine revenue stamps used?

Yes. The United States collector of internal revenue forwards to the Commissioner of Industrial Alcohol his monthly report of all wine stamps sold.

This statement shows the number and amount of such stamps sold to each winery or storeroom operating under Government supervision.

Review of the winemakers report of tax paid removals would readily disclose any tax discrepancy.

STORAGE CONTAINERS

At what stage of production is wine reported as produced?

When it is drawn from the fermenters after the first period of fermentation.

Upon removal from fermenters, all wine must be conveyed into storage containers within the winery.

Wines received in bond from other bonded premises must likewise be immediately deposited in winery or bonded storeroom.

FORTIFICATION SPIRITS

What spirits are used in the fortification of wine?

Grape brandy or wine spirits, and tax-paid grain or other ethyl alcohol, may be used in fortification.

Brandy used in fortifying wine is gauged by a Government officer just prior to use. Complete records are kept and reports submitted to the supervisor of permits.

BLENDED WINES

When wines of different alcoholic strength are blended so as to produce a wine of a higher alcoholic strength, is the tax rate affected?

Wines so blended are tax-paid according to their alcoholic strength after blending. When the rate of taxability is changed by blending, a report of the blending is made. This report shows the percentages of alcohol contained in the wines both before and after blending.

DISTILLING WINES

Why are some wines distilled?

Wines are distilled to make brandy. Brandy is also used to fortify wine.

SACRAMENTAL REQUIREMENTS

How much sacramental wine is lawfully used?

Approximately 1,000,000 gallons of wine are withdrawn, tax-paid, each year in the United States. These withdrawals are under Government permits.

DEALCOHOLIZED WINE

What is done with the alcohol removed from dealcoholized wine?

The alcohol may be conserved to fortify wine or it may be wasted by evaporation.

WINES DISTINGUISHED

What is the difference between still wine, dry wine, and unfortified wine?

Still wine means noneffervescent wine and includes both dry and sweet wine.

Dry wine means unfortified wine.

Sweet wine means fortified wine.

WINE PREPARATIONS

Can medicinal preparations containing wine be used for beverage purposes?

Government regulations require that such preparations be medicated. Medication renders such medicinal wines unfit for use as beverages.

PREVENTING DIVERSIONS

How is diversion of sacramental wine prevented?

At the present time Government regulations place sacramental wine distribution for home use practically on a prescription basis.

Order forms for each quantity given to each individual are audited. The stubs of the forms and the winery records are checked as carefully as those of the physician and druggist to assure compliance with the law and regulations.

WINE STORAGE

Are storekeeper-gaugers stationed at wineries?

Government storekeeper-gaugers are not on duty regularly at wineries. But they hold the key to the lock to storerooms for brandy. No sweetening material may be added nor wine fortified or ameliorated except in the presence of a storekeeper-gauger.

SUPERVISORS' HEADQUARTERS

Where are supervisors of permits located and what are their functions?

Supervisors of permits are located at Boston, New York, Philadelphia, Baltimore, New Orleans, Cincinnati, Chicago, St. Paul, Kansas City, Denver, San Francisco, and Seattle.

The Bureau of Industrial Alcohol thus maintains a system of *decentralized permit control.*

Supervisors of permits are held responsible by the Commissioner of Industrial Alcohol for the proper administration of the laws and regulations governing operations and transactions under permits in their respective districts.

The 12 regional districts are grouped as follows:

District No. 1, headquarters at Boston; Maine, New Hampshire, Vermont, Massachusetts, Connecticut, and Rhode Island.

District No. 2, headquarters at New York City; New York and Puerto Rico.

District No. 3, headquarters at Philadelphia; Pennsylvania, New Jersey, and Delaware.

District No. 4, headquarters at Baltimore; Maryland, Virginia, West Virginia, North Carolina, South Carolina, and the District of Columbia.

District No. 5, headquarters at New Orleans; Georgia, Florida, Alabama, Mississippi, Louisiana, and Texas.

District No. 6, headquarters at Cincinnati; Michigan, Ohio, Kentucky, and Tennessee.

District No. 7, headquarters at Chicago; Wisconsin, Illinois, and Indiana.

District No. 8, headquarters at St. Paul; North Dakota, South Dakota, Minnesota, Nebraska, and Iowa.

District No. 9, headquarters at Kansas City; Kansas, Oklahoma, Missouri, and Arkansas.

District No. 10, headquarters at Denver; Wyoming, Utah, Colorado, Arizona, and New Mexico.

District No. 11, headquarters at San Francisco; California, Nevada, and Hawaii.

District No. 12, headquarters at Seattle; Washington, Oregon, Montana, Idaho, and Alaska.

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MSH 24633

END OF
TITLE